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Financial Report

Louisiana Disaster Recovery Foundation

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/5/07

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Louisiana Disaster Recovery Foundation Baton Rouge, Louisiana

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Disaster Recovery Foundation,
Baton Rouge, Louisiana.

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of the Louisiana Disaster Recovery Foundation (the Foundation) as of June 30, 2006 and the related statement of revenues, expenses and changes in net assets - modified cash basis for the period August 31, 2005 (inception) through June 30, 2006. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1b, these financial statements were prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Louisiana Disaster Recovery Foundation as of June 30, 2006, and its revenues, expenses and changes in net assets for the period from August 31, 2005 (inception) through June 30, 2006, on the modified cash basis of accounting described in Note 1b.

In accordance with Government Auditing Standards, we have also issued our report, dated April 25, 2007, on our consideration of Louisiana Disaster Recovery Foundation's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 25, 2007.

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS**

**Louisiana Disaster Recovery Foundation
Baton Rouge, Louisiana**

June 30, 2006

ASSETS

Assets

Cash and cash equivalents		
Cash in bank - operating accounts	\$ 2,678,524	
Money market accounts	<u>16,966,320</u>	\$ 19,644,844
Furniture and equipment, net		46,756
Deposits		<u>3,300</u>
 Total assets		 <u>\$ 19,694,900</u>

LIABILITIES AND NET ASSETS

Liabilities

Payroll taxes withheld	\$ 9,222
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Net Assets

Unrestricted	12,283,178	
Temporarily restricted	<u>7,402,500</u>	<u>19,685,678</u>
 Total		 <u>\$ 19,694,900</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - MODIFIED CASH BASIS**

Louisiana Disaster Recovery Foundation

Baton Rouge, Louisiana

For the period from August 31, 2005 (inception) through June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 18,793,224	\$ 7,402,500	\$ 26,195,724
In-kind	240,875		240,875
Interest, dividends	262,968		262,968
Total revenues	<u>19,297,067</u>	<u>7,402,500</u>	<u>26,699,567</u>
Expenses			
Grants	6,484,000		6,484,000
Consultants	316,172		316,172
Salaries and wages	97,858		97,858
Office supplies	35,051		35,051
Bank	20,919		20,919
Travel	18,623		18,623
Rent	15,975		15,975
Depreciation	9,374		9,374
Insurance	8,770		8,770
Payroll tax expense	5,639		5,639
Other	1,508		1,508
Total expenses	<u>7,013,889</u>	<u>-</u>	<u>7,013,889</u>
Changes in Net Assets	12,283,178	7,402,500	19,685,678
Net Assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 12,283,178</u>	<u>\$ 7,402,500</u>	<u>\$ 19,685,678</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**Louisiana Disaster Recovery Foundation
New Orleans, Louisiana**

June 30, 2006

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature of Activities

The Foundation was incorporated under the laws of Louisiana on August 31, 2005, for the purpose of collecting and distributing donations to private and public entities for disaster relief for losses and/or damages brought on as a result of Hurricane Katrina. The Foundation will be operated exclusively for charitable purposes as a nonprofit corporation and shall have no capital stock.

b. Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the basis of cash receipts and disbursements, with the following exceptions:

- Furniture and equipment are capitalized and depreciated as described in Note 1f.

The modified cash basis of accounting differs from generally accepted accounting principles primarily because the Foundation has not recognized contributions and interest receivables and payables for grants, salaries and wages, payroll taxes and other expenses and their related effect on the change in net assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets that are subject to Louisiana state law or donor-imposed stipulations that may or will be met by actions of the Foundation. These restrictions are considered to expire when payments for restricted purposes are met.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation.

d. Use of Estimates

The preparation of financial statements in conformity with the modified cash receipts and disbursements basis of accounting requires the management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

The Foundation considers all highly liquid investments in money market funds available for current use with an initial maturity of three months or less to be cash equivalents.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of five years for computers and computer software, and ten years for all other furniture and equipment. Cost at June 30, 2006 totaled \$56,130 and accumulated depreciation at June 30, 2006 was \$9,374.

g. Revenue Recognition

Dividends and interest earned on investments are accounted for as unrestricted revenues.

h. Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and changes in net assets - modified cash basis as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period are reported as unrestricted support and revenues.

k. In-Kind Support

The Foundation records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was \$240,875 for the initial period ended June 30, 2006, which included donations of office equipment, rent and consulting services.

Note 2 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific programs or purposes. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets as of June 30, 2006 are time-restricted by donors.

Temporarily restricted net assets at June 30, 2006 are available for the following purposes:

Housing grants	\$ 4,000,000
Small business rebuilding programs	2,500,000
Grant administration	500,000
Educational infrastructure rebuilding	350,000
Student/College and University	
Emergency Assistance Fund	<u>52,500</u>
Total	<u>\$ 7,402,500</u>

The Foundation does not have permanently restricted net assets as of June 30, 2006.

Note 3 - INCOME TAX STATUS

The Foundation has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the Foundation has unrelated trade or business income.

Note 4 - COMMITMENTS

The Foundation leases space for its office facilities in Baton Rouge. Future minimum payments required under the leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2007	\$ 39,600
2008	39,600
2009	<u>29,700</u>
Total	<u>\$ 108,900</u>

Rental expense for the year ended June 30, 2006 was \$15,975.

Note 5 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash and cash equivalent accounts with one financial institution. Its operating cash account balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Securities Investor Protection Corporation insures these accounts up to \$500,000 (with a limit of \$100,000 for cash). At June 30, 2006, the Foundation's cash balance for the operating and clearing bank accounts in excess of the insured limit was approximately \$2,669,000, and its cash equivalent balance (maintained in Federated Treasury Obligations) was approximately \$16,866,000 in excess of the insured limit.

For the fiscal period August 31, 2005 (inception) through June 30, 2006, the Foundation received approximately 38% of its total support from one source.

Note 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been reported on the statement of Revenues, Expenses and Grants Paid - Modified Cash Basis by natural classification. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense) based on management's estimate of periodic time and expense evaluations. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Total expenses for the period from August 31, 2005 (inception) through June 30, 2006 are allocated as follows:

Program services	\$ 6,576,172
Management and general	<u>437,717</u>
Total expenses	<u>\$ 7,013,889</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Louisiana Disaster Recovery Foundation,
Baton Rouge, Louisiana.

We have audited the financial statements of Louisiana Disaster Recovery Foundation (the Foundation), as of June 30, 2006 and for the period from August 31, 2005 (inception) through June 30, 2006, and have issued our report thereon, dated April 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 25, 2007.

SCHEDULE OF FINDINGS AND RESPONSES

Louisiana Disaster Recovery Foundation Baton Rouge, Louisiana

For the period from August 31, 2005 (inception) through June 30, 2006

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are
not considered to be material weakness ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

Louisiana Disaster Recovery Foundation did not receive federal awards during the period from August 31, 2005 (inception) through June 30, 2006

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the period from August 31, 2005 (inception) through June 30, 2006.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Disaster Recovery Foundation Baton Rouge, Louisiana

For the period from August 31, 2005 (inception) through June 30, 2006

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the period from August 31, 2005 (inception) through June 30, 2006.

No reportable conditions were reported during the audit of the financial statements or for the period from August 31, 2005 (inception) through June 30, 2006.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the period from August 31, 2005 (inception) through June 30, 2006.

Section II - Internal Control and Compliance Material To Federal Awards

No findings or questioned costs were reported during the audit of the financial statements for the period from August 31, 2005 (inception) through June 30, 2006.

Section III - Management Letter

A management letter was not issued in connection with the audit for the period from August 31, 2005 (inception) through June 30, 2006.